

# SanfordHolshouser

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May 12, 2020

Joint Legislative Committee on Local Government  
Co-Chairs Sen. McInnis and Rep. Warren  
Legislative Building  
16 West Jones St.  
Raleigh, NC 27601

Fiscal Research Division  
Attention: Director  
North Carolina General Assembly  
300 North Salisbury St., Suite 610  
Raleigh, NC 27603

## **Notice to the Joint Legislative Committee on Local Government Concerning Proposed Financing by the City of Cherryville**

To the Committee:

As counsel to the City of Cherryville, North Carolina, and as required under N.C. Gen. Stat. Section 120-157.2, I am providing this notice of a proposed local government capital project that requires approval of the North Carolina Local Government Commission and requires debt to be issued in an amount exceeding \$1,000,000. Here is information about the proposed financing -

<b>Project descriptions and amounts to be financed</b>	Downtown improvements - \$3,300,000 Water system improvements - \$3,600,000 Sewer system improvements - \$1,800,000
<b>LGC meeting for consideration</b>	July or August, 2020
<b>Type of financing</b>	Voter-approved general obligation bonds
<b>Other sources of financing</b>	The City expects that the amount borrowed will pay substantially all the costs of the intended projects, except that the City has

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	received a private donation to help offset some of the costs of the downtown improvements.
<b>Estimated financing term</b>	The City expects a financing term of approximately 20 years, which is less than the expected useful life of the property being financed.
<b>Expected source of repayment</b>	General fund revenues for the downtown improvement bonds, and enterprise revenues for the water and sewer bonds

The City expects to issue the bonds over the course of the seven-year authorized period if the bonds are approved. The City expects that interest rates will vary over that time. The City expects that the downtown improvement bonds will have a substantially level-principal amortization, and the water and sewer bonds will be amortized on a level-total-debt basis. The City plans to be flexible in setting the amortization schedules within legal constraints and with LGC approval.

Please let me know if you have additional questions or comments for me about this proposed financing.

Very truly yours,



Robert M. Jessup Jr.

cc: Greg C. Gaskins, Secretary of the Local Government Commission  
c/o Tony Blalock  
City of Cherryville officials  
Representatives of Davenport & Co.  
David Vanderweide, legislative staff [david.vanderweide@ncleg.net]  
(each by electronic mail)  
Also to reports@ncleg.net